

Message Text

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ACTION EB-03

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 0000

TREASURY DEPARTMENT WASHDC

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TAGS: EFIN, IT

SUBJECT: EXCHANGE OF INFORMATION ON SINDONA AND
BORDONI ROLES IN BANKING DIFFICULTIES

PASS OASIA FOR WIDMAN, PASS COMPTROLLER OF THE CURRENCY
FOR MULLIN

REF: TREASURY 041629Z OCT (NOTAL)

1. SUMMARY AT INFORMAL MEETING ON OCTOBER 7 BOI
OFFICIALS REACTED FAVORABLY TO POSSIBILITY OF EXCHANGE
OF INFORMATION PER REFTEL BETWEEN ITALIAN AND US BANKING
SUPERVISORY AUTHORITIES ON ROLES OF MICHELE SINDONA AND
CARLO BORDONI IN FRANKLIN NATIONAL BANK AND BANCA PRIVATA
ITALIANA DIFFICULTIES. END SUMMARY.

2. ALTHOUGH EMBASSY WAS FAVORABLY INCLINED TO IDEA OF
EXCHANGE OF INFORMATION, WE FELT IT NECESSARY TO CONTACT
BOI OFFICIALS BEFORE GIVING COMPTROLLER ADVICE ON THIS
MATTER. ON OCTOBER 7 TREASATT VISITED OFFICIALS OF
BOI'S VIGILANZA (BANKING SUPERVISORY AUTHORITY) DR.

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MONTERASTELLI, HEAD OF GENERAL AFFAIRS DIVISION AND

RESPONSIBLE FOR FOREIGN BANKING MATTERS, AND DR. GIARDINO OF VIGILANZA LEGAL SERVICE. BOI OFFICIALS TOOK PRELIMINARY POSITION THAT IT WOULD BE USEFUL TO CARRY OUT EXCHANGE OF INFORMATION DEVELOPED BY US AND ITALIAN BANKING AUTHORITIES ON ROLES OF SINDONA AND BORDONI IN LIQUIDATION OF BANCA PRIVATA ITALIANA (BPI) AND IN DIFFICULTIES OF FRANKLIN NATIONAL BANK. HOWEVER, EXCHANGE OF DATA WOULD: (1) BE LIMITED TO FACTS INVOLVING BANKING OPERATIONS RATHER THAN TO ANY CRIMINAL IMPLICATIONS WHICH MIGHT BE DRAWN FROM THESE FACTS; (2) TAKE INTO ACCOUNT CONFIDENTIAL NATURE OF INFORMATION AS REQUIRED BY ITALIAN LAWS CONCERNING BANKING AND JUDICIAL SECRECY; AND (3) DEPEND UPON RECIPROCITY, I.E., US AUTHORITIES WOULD AGREE TO PROVIDE RELEVANT DATA UNEARTHED UNDER US INVESTIGATION OF FRANKLIN NATIONAL BANK CASE.

3. BECAUSE BANCA PRIVATA ITALIANA HAS NOW OFFICIALLY BEEN DECLARED IN LIQUIDATION AND OFFICIAL RESPONSIBLE FOR LIQUIDATION OF BANK HAS BEEN APPOINTED, ROLE OF VIGILANZA AUTHORITIES IN BOI IS NOW SOMEWHAT LIMITED SINCE LIQUIDATOR IS GIVEN CONSIDERABLE AUTONOMY UNDER ITALIAN LAWS. FOR EXAMPLE, IT WILL NOT BE POSSIBLE TO REVEAL CONTENT OF ANY ACCUSATIONS MADE BEFORE ITALIAN JUDICIAL AUTHORITIES AGAINST SINDONA OR BORDONI. HOWEVER, SINCE FORMAL LIQUIDATION HAS ONLY JUST BEGUN, IT MIGHT BE POSSIBLE TO CARRY OUT EXCHANGE OF INFORMATION PRIOR TO ITS SUBMISSION TO JUDICIAL AUTHORITIES FOR LEGAL ACTION. DR. GIARDINO THOUGHT IT WOULD BE PARTICULARLY USEFUL FOR BOTH SIDES TO BE ABLE TO VERIFY WITH EACH OTHER ASPECTS OF CERTAIN INTERNATIONAL TRANSACTIONS WHICH INVOLVED BOTH BPI AND FRANKLIN NATIONAL BANK.

4. TREASATT AND BOI OFFICIALS AGREED THAT BEST PROCEDURE FOR SEEKING INFORMATION, WHICH WOULD TAKE INTO ACCOUNT LEGITIMATE INTERESTS OF VARIOUS OFFICIAL AGENCIES INVOLVED, WOULD BE LETTER FROM COMPTROLLER OF CURRENCY TO BPI LIQUIDATOR. THIS OFFICIAL WAS NAMED ON SEPTEMBER 27 BY GOI GOVERNOR CARLI. HE IS GIORGIO AMBROSOLI, WHO WILL BE ASSISTED BY THREE-MAN SUPERVISORY COMMITTEE. LETTER WOULD BE TRANSMITTED BY COMPTROLLER LIMITED OFFICIAL USE

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THROUGH TREASATT AT EMBASSY TO GOVERNOR CARLI AT BOI. BANK OF ITALY WOULD THEN FORWARD COMPTROLLER'S LETTER TO LIQUIDATOR ALONG WITH BANK'S SUPPORT FOR PROPOSED COOPERATION IN EXCHANGE OF INFORMATION. (BANK DOES NOT HAVE AUTHORITY OVER LIQUIDATOR, WHO MUST STILL MAKE ULTIMATE DECISION AS TO WHETHER TO COOPERATE AND, IF SO, IN WHAT WAY.)

5. EMBASSY WILL BE TRANSMITTING IN SEPTTEL DRAFT LETTER FROM COMPTROLLER TO LIQUIDATOR PREPARED IN SUCH A WAY AS TO TAKE INTO CONSIDERATION RESPECTIVE ROLES OF LIQUIDATOR, BANK OF ITALY AND ITALIAN TREASURY MINISTRY. WE WILL ALREADY HAVE CLEARED DRAFT TEXT OF LETTER WITH MONTERASTELLI BEFORE ITS TRANSMISSION AND COMPTROLLER'S OFFICE MAY THEN MAKE ANY APPROPRIATE CHANGES REQUIRED ON US SIDE.

6. COMMENT. WASHINGTON AGENCIES SHOULD BE AWARE OF HIGHLY SENSITIVE POLITICAL ASPECTS OF SINDONA AFFAIR BECAUSE OF SINDONA'S CLOSE PERSONAL RELATIONSHIPS WITH NUMBER OF IMPORTANT CHRISTIAN DEMOCRATIC POLITICIANS. WE SEE NO REASON WHY EXCHANGE OF TECHNICAL DATA SHOULD NOT BE MADE BUT WISH TO BE EXTREMELY CAREFUL ABOUT PROCEDURES USED AND WOULD LIKE TO AVOID ANY PUBLICITY CONCERNING THESE EFFORTS. BEAUDRY

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